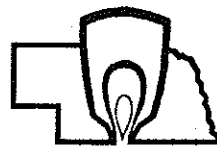


Nebraska Corn Board



December 22, 2009

Senator Lavon Heidemann
Appropriations Committee, Chairperson
PO Box 94604
Lincoln, NE 68509

Dear Senator Heidemann:

This letter is in response to your memorandum dated December 4, 2009 regarding LB1.

The reduction in our biennium spending authority would limit the Nebraska Corn Board if the Board elected to increase the corn marketing checkoff, from the 25/100ths of a cent per bushel we currently administer, to 4/10 tenths of a cent that the Legislature approved in 1978 in the Corn Resource Act. The reduction in our spending authority in the biennium budget only impacts the Board should we have additional funds from a checkoff increase and/or an influx of corn produced, sold and imported into the state for feeding or ethanol production.

Nebraska continues to be the third largest corn producing state, with the nation's lowest corn marketing checkoff. Any transfer out of our spending authority only exacerbates the problem.

The Board's decision to set the biennium budget at the current level was in response to the need to increase the checkoff rate 5 years ago. Our industry is faced with numerous challenges that include ethanol and livestock. Checkoff dollars are in critical need to fund the market development, research, education and promotion of our commodity and agriculture in general. The Board's long range plan is addressed in the Business Plan the Board approved a little over two years ago (enclosed).

The Nebraska Corn Board had to cut \$815,000 of funding requests last June, due to the current available funds. The Board has never seen such uncertainty and volatility that exists today in agriculture. There is a tremendous need for research to improve the efficiency of the ethanol industry, to find better ways to utilize distillers grains and make livestock feeding in Nebraska more competitive than anywhere else. There is a host of other issues related to land use and carbon footprint, animal welfare and how agriculture and the environment interact that will need to be addressed with an investment of additional dollars.

NEBRASKA CORN BOARD

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Historically, the Board's funding has helped bring corn production to a new high with the development of germ plasma, biotechnology and improved production practices research. Corn checkoff investments have helped improve ethanol production and in fact helped establish the renewable fuels standard that stimulated investments in dozen of ethanol refineries in this state.

Responses to the following points included in your letter:

Point 1: The expected impact on staffing to include the number and description of positions affected, whether the action to be taken involves layoffs, leaving positions vacant, furloughs, etc., and the dollar savings.

Response: This would not impact our staffing in number and in description of positions.

Point 2: The expected impact on serviced provided to the public and/or agency functions.

Response: This would not impact our current programming or services.

Point 3: Any foreseen impact on the receipt of federal funds as a result of matching, maintenance of effort, or other requirements.

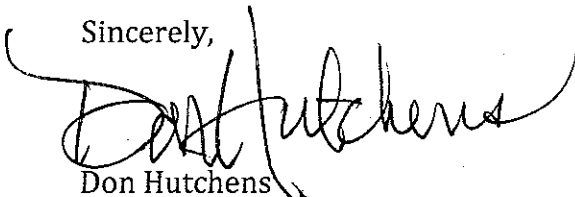
Response: This would not impact our relationship with Federal Funds.

Point 4: Whether fees used to support agency operations will be increased during this biennium to offset cash fund transfers to the General Fund.

Response: In our case, this is a reduction of our approved biennium not a transfer of our funds. A transfer would have implications that would seriously jeopardize our programs and effectiveness in serving corn producers and agriculture in our state.

If you have any questions about the information provided, please don't hesitate to give me a call.

Sincerely,



Don Hutchens
Executive Director

cc: Appropriations Committee Members
Jeanne Glenn, Legislative Fiscal Analyst
Gerry Oligmueller, DAS Budget